

Question & Answer Session
CWNS 2008 Training: Federal State Revolving Fund (SRF) Eligibility Rules
August 28, 2007

Note: The resources that are mentioned in this Web Seminar are available at <http://www.epa.gov/owm/cwfinance/cwsrf/index.htm>.

Q: How will the QA/QC be done to ensure needs are not “double counted” between agencies?

A: The focus of the CWNS is looking at the existing set of CWNS categories, including wastewater treatment, NPS, stormwater, and several other categories. Other agencies do not have surveys that cover the same scope of needs we have. So, we are focused on the projects that are eligible within those categories, and we have not had any issues come up in the past that other Agencies are double counting these projects.

Q: Slide 14- How will we see this "CWSRF appendix" in the CWNS database application?

A: Within the Data Entry Application, there will be a “percent SRF eligibility” box. As each need is entered by the State CWNS Coordinator or other designated personnel, the percent of the needs that are SRF eligible will be entered, whether it is 100% or 0 % or somewhere in between. The SRF eligibility data will be captured for each facility/project and for each need category. The data will then be summarized at different levels by the State, EPA, or the Regional Office.

Q: Slide 22 - Why won't the contractor go back to the state person first for clarification and corrections instead of to the review panel?

A: There will be some communication between the contractor and the State for clarifications. We do not want to do corrections before the audit because that will defeat the purpose of the audit. The audit is meant to be an objective look at a sample of the needs. Having an objective audit gives us the ability to not look exhaustively at every need that is submitted and to see how well each State has done in declaring SRF eligibility. Then, we can use that to extrapolate all their needs.

Q: Slide 26 - Do we get the chance to review and provide data to change the audit percent before it is published?

A: We will not be doing that. We want to make the audit process an objective look at how data was entered for a subset of needs, so that we can extrapolate that to all the needs.

Q: Can you be more specific regarding the relevant fact sheets or post the links to them under the CWNS site?

The Fact Sheets, Qs & As, and the legislation, etc. for the CW SRF posted on the web site <http://www.epa.gov/owm/cwfinance/cwsrf/index.htm>. Links are also provided at <http://www.epa.gov/cwns/cwns2008.htm> under the heading "Resources."

The documents will also be added to the CWNS library, which is currently in development. All the SRF documents, plus all the CWNS documentation will be available via the library. The new library will include all that information previously housed on the Tetra Tech site (for those familiar with that site) plus additional resources.

The documents are also on the disk provided at CIFA.

Q: Is the "Tapping the Untapped Potential." document available for public comment and how will it affect the 2008 CWNS?

A: The document captures some of the recent eligibility decisions and talks about some underutilized aspects of the SRF program. It is currently out in the CW SRF world for review. It has been cleared internally within EPA Headquarters, including the Office of the General Council. We anticipate that in the next few weeks we will be broadening the review opportunities for this document even further. A link to the document is at <http://www.epa.gov/cwns/cwns2008.htm> under the heading "Resources."

How this paper will affect CWNS is uncertain. The document will not be finalized until after the CWNS Kick-off meeting in January, 2008. We will have to see what comes at the end of the process in the spring of 2008. There may be some adjustments. Because CWNS eligibility is not strictly tied to SRF eligibility, we do not expect any adjustments that will need to take place following the finalization of the changes to the SRF.

Q: If we disagree with the audit percent what are our options? Why can't we fix things?

A: As noted before, when the contractor develops a write-up on the cost they are questioning, that will go to the SRF panel, and the panel will make a decision regarding the CWSRF eligibility of those costs. When that decision is communicated to the contractors, the State and EPA Needs Survey team, the State in question will have a month to respond and to provide additional information that could affect the decision.

Q: If we have a month to respond, what is the enforced turn-around for EPA responses to our questions?

A: Given that we are new to this process, we would anticipate that we would collect the responses from the States over the month between meetings. At the next meeting, we would take

up that information and make a final decision. If it is a matter of national significance, we would elevate it to management, though those issues would likely have been elevated the first time around.

Q: If Congress decides to use CWNS data for determining the SRF allocation, how will the changes being described impact state numbers?

A: There are two general options Congress could pursue: (1) look at the State-identified SRF-eligible portion of the needs, or (2) use the audit results in combination with the State-identified SRF-eligible portion of the needs.

Q: How are you going to treat water quality trading credit costs (SRF eligible costs) in the CWNS?

A: The issue of how to track water quality trading credit costs in CWNS has not been fully developed. There is some functionality in the data entry system, such as tracking point source solutions for NPS needs and vice versa, that are good building blocks for tracking those credit costs. We will need to follow-up on the details.

In regards to the CWSRF eligibility of water quality trading credits, CWSRF can fund eligible projects that can generate credits. However, the CWSRF cannot fund the purchase of water quality credits.

Q: Please clarify, are Stormwater Program Development costs CWSRF eligible? CWNS eligible? Is this described in a recent fact sheet or guidance somewhere?

A: Stormwater program development costs are not SRF eligible. The SRF program has not done much in the area of capital stormwater projects in the past. We hope to change that trend in coming years. Along those lines, we are going to be updating our Wet Weather factsheet to get information out explaining what is and what isn't eligible. So, there will be more information to come. The current Wet Weather factsheet is available at <http://www.epa.gov/owm/cwfinance/cwsrf/factsheets.htm>.

Even though it has been clarified that Stormwater Program Development costs are not SRF eligible, they are tracked in CWNS. We will continue to track them for 2008. The SRF eligible portion of Stormwater needs will exclude program development costs, but will include all the construction-related costs.

Q: Growth - what if the Act is reauthorized - would growth (in)eligibility revert back to 1994 status?

A: SRF eligibility would reflect the reauthorization. You can't assume that the reauthorization will mirror the pre-1994 requirements.

Q: Would land for a wind farm, for instance, be eligible, since the wind power is integral to the treatment process?

A: No. What we mean by "integral to the treatment process" is that the land itself is serving a function to purify the water, not simply the site for the facility. This actually occurred last year. A very reasonable person thought that "of course, you have land in order to have a wastewater treatment works." The land was not in any way coming into contact with the wastewater, but they did need the land to site the facility. However, it was not integral to the treatment works, the treatment process, and/or the actual purification of the water. The SRF will not fund the land for the wind farm, nor will we fund land for your typical-activated sludge facility.

Q: Slide 41- Please explain stormwater's relationship to water conservation and reuse as described on this slide.

A: This slide has to do with opportunities where stormwater is captured, treated and used, rather than wastewater effluent, for another application. For example, stormwater is captured, treated, and piped to a public golf-course to use for irrigation. It is just another source of water, like wastewater discharge.

Q: Is reducing stormwater that has the benefit of getting I/I out of sewers eligible?

A: Section 212 does include the words "reducing stormwater." As long as you are able to articulate the water quality benefit, it is eligible.

Q: Slide 42- How do you reconcile the eligibility of the increased costs for reclaimed water with the requirement to fund cost effective solutions to water quality needs? That is, if a non-reuse project will meet the water quality standards, why fund reuse?

A: This is another example of some of the Title II requirements that were migrated into the early years of the CW SRF program. They expired at the end of 1994, similar to the growth limitations. The SRF actually does not require a cost-effectiveness analysis at the National level- although those are very good processes. Since we are documenting needs based on National guidance, cost effectiveness is not a requirement for identifying SRF eligible needs in CWNS. For example, in a water limited county in the Dakotas, they wanted to put in an industry that needed some water and there was not a sufficient raw water source. They looked at using the effluent from their treatment works to provide the water for this industrial facility. The effluent was going to require a bit of extra treatment, for at least the portion of that the facility needed, and pipes would need to be installed to the property line of the end user.

Q: Slide 44 - Would a reservoir that address both water quantity and quality be eligible

A: Yes

Q: Would an engineering and administration building supporting a POTW be CWSRF eligible?

A: Yes, we actually had an interesting twist on that last year whereby a municipality wanted to consolidate and house in the same building the administrative functions of a POTW with the administrative functions of the drinking water facility, solid waste facility, etc. In that case, you would look at the portion associated with the POTW.

Q: At landfills, stormwater that comes in contact with wastes is no longer considered stormwater under the stormwater program. Would this stormwater also be considered liquid municipal waste?

A: Yes, this has been termed leachate. The SRF considers leachate, as well as stormwater, associated with a landfill, as liquid municipal waste. We can fund the water quality activities at a landfill such as collection and treatment systems, monitoring wells, in addition to stormwater control practices and capping.

Q: Since "cost effective" is no longer required for SRF eligibility, will the EPA CWNS contractors no longer look at this when provided documents?

A: Yes, for the CWNS, cost-effectiveness is actually something that is not examined by the CWNS contractor reviewers. In our Web seminar on August 14, Alejandro Escobar gave an overview of the CWNS eligibility and document requirements. As long as these document requirements are met and the needs fall within one of our CWNS needs categories, the cost can be entered in the Needs Survey. EPA and our contractors are not second guessing recommendations that come out of formal documents like engineering reports.

Q: Slide 51- Is a community septic system, large enough to be permitted, that replaces failing individual systems still eligible under the 319 authority?

A: If you look at the policy memo (CWSRF 00-04Revised), it says that if you are solving a NPS problem, you may have solutions with point source aspects, namely, they may have to be permitted. An argument can be made for this project.

Q: Define "small group" for private laterals.

A: This has not yet been defined. She hopes, we won't have to define this. Use your best judgment and we will probably let this rise to the EPA SRF Audit Workgroup. At this time, we prefer not to define "small group" and leave the flexibility at the State.

Q: Does it make sense to use the SRF for \$3,000.00 private loan?

A: This question seems to relate to the efficiency of moving money and the limitations on State staffing. Many State SRF programs have worked through intermediaries to move the money to smaller projects. Often NPS projects are in this price range. One model is for the state to make a larger loan to a county. The county then parcels that loan out to smaller projects, such as septic tank upgrades and repairs. The home owners in this case will repay the county, and the county will repay the SRF loan. It is a way of moving money efficiently to the smaller projects. There are ways to do this using agricultural districts and local banks. This is the kind of information you will get from the SRF training. The SRF is not just for big projects. If you look at our data, medium and small communities receive the bulk of our assistance agreements.

Q: How can we get a copy of the "Tapping the Untapped Potential of the CWSRF" paper? When will it be final?

A: A copy is posted at <http://www.epa.gov/cwns/cwns2008.htm> under the Resources section. It should be finalized in Spring 2008.

Q: Are privately owned stormwater facilities under 320 eligible for the CWNS?

A: CWNS eligibility for stormwater facilities and wastewater treatment facilities is based on Clean Water Act Section 516, which talks about the scope of CWNS. It mentions explicitly Publicly-Owned Treatment Works, so we will continue to limit wastewater and stormwater facilities to publicly-owned needs for CWNS.

Q: Considering that the RTC may not include NPS needs, is this the time to expand the CWNS to things beyond SRF eligibilities?

A: The 2004 Report to Congress is currently under OMB review, and EPA is unable to talk about the nature of the review. If there is a change in the 2004 report, EPA will reevaluate what we do for 2008. For now, there is no official outcome from the report review.

Q: Will there be an appendix for needs eligible for funding by USDA, and other agencies?

A: No, there will not be appendices for funding from other sources.